

**TOWN OF NEWTOWN
GENERAL FUND, FUND BALANCE**

JUNE 30, 2010 (Per audited financial statement)

Fund Balance:			% of budget
Reserved:			
Encumbrances	1,354,552		
Unreserved:			
Designated for subsequent year's budget	1,000,000		
Undesignated	6,903,051		6.71%
Total Unreserved	<u>7,903,051</u>		7.68%
Tota Fund Balance @ June 30, 2010	<u>9,257,603</u>		

JUNE 30, 2011 (Estimate)

Fund Balance:			% of budget
Reserved:			
Encumbrances	1,300,000		
Unreserved:			
Designated for subsequent year's budget	-		
Undesignated	7,150,000		6.95%
Total Unreserved	<u>7,150,000</u>		6.95%
Tota Estimated Fund Balance @ June 30, 2011	<u>8,450,000</u>		
(assuming using \$800,000 of the \$1,000,000 budgeted use of fund balance)			

FUND BALANCE:

Fund balance is the difference between the fund's assets and liabilities.

Fund balance is divided into reserved and unreserved portions.

Reserved fund balance is the portion of fund balance that is not available as a financial resource. The most common example is amounts reserved for encumbrances, which represent contracts for goods or services with outside parties that are still outstanding at the end of the fiscal year and that the Town intends to honor.

Unreserved fund balance may be subdivided into designated and undesignated portions.

Designations represent management's intended use of resources and should reflect actual plans approved by the government's senior management. The most common example is the designation of fund balance for the subsequent year's budget.

Unreserved, undesignated fund balance represents available current financial resources (available as defined in the Town's fund balance policy)